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ATTORNEYS FOR WHITE SANDS GROUP, L.L.C.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:	§	
	§	
MORRIS RADIO ENTERPRISES,	§	CASE NO. 09-31416-HDH-11
L.L.C., dba THE BUSINESS SHRINK	§	
and	§	
	§	
PRS II, LLC, dba FORT MORGAN	§	CASE NO. 09-31436-BJH-11
	§	
DEBTORS.	§	Jointly Administered Under
	§	Case No. 09-31416-HDH-11
	§	

**WHITE SANDS GROUP, LLC'S
SUPPLEMENTAL REPLY TO RESPONSE OF PRS II, LLC
TO WHITE SANDS GROUP, LLC'S MOTION TO DISMISS**

**TO THE HONORABLE HARLIN D. HALE
UNITED STATES BANKRUPTCY JUDGE:**

COMES NOW White Sands Group, LLC ("White Sands"), a creditor and party in interest in the above styled bankruptcy proceeding, and hereby files this White Sands Group,

LLC's Supplemental Reply to Response of PRS II, LLC to White Sands Group, LLC's Motion to Dismiss. In Reply, White Sands respectfully shows the Court as follows:

1. In paragraph 3 of its Response, PRS II states that it was formed on January 4, 2005. It states that its members are Fort Morgan Venture, LLC, PRM Realty Group, LLC, and McCarthy International, LLC. Attached to this Reply as Exhibit 1 is a true and correct copy of Interrogatory Responses filed by PRS II in Baldwin County, Alabama, along with a cover letter by counsel for PRS II. The discovery responses list the members of PRS II as PRM Realty Group, LLC, P&M Developers, LLC (Peter Sterling and Michael Asfour), The McCarthy Limited Partner [sic], and Tom Langan. Attached to this Reply as Exhibit 2 is a copy of the joint venture agreement, which became PRS II, listing those same persons and entities as partners. Attached to this Reply as Exhibit 3 are excerpts from the deposition of Peter Morris in which he states that Peter Sterling was his partner in PRS II's purchase of the property in Baldwin County, and that Peter Sterling owned a 33 1/3 percent interest in the property development.

2. In paragraph 4 of its Response, PRS II states:

The increased value of the Property was attributed to the imminent annexation of the Property to the City of Gulf Shores, which Bar Pilot, Pilots Pointe and the Langan family represented would be accompanied by zoning to permit the development of the Property with condominiums and recreational facilities. (emphasis added)

As evidenced in the Motion to Dismiss, the Property was annexed into the City of Gulf Shores (Exhibit 5 to the Motion to Dismiss). Attached to this Reply as Exhibit 4 is an excerpt from the deposition of Peter Morris in which he states that Peter Sterling, his partner and member of PRS II, stated that he could facilitate the zoning, and not the Langans.

3. In paragraph 16, PRS II admits that it did not list White Sands as a creditor in this proceeding, and asserts that: "as the result of an accidental oversight, it did not file its Notice of

Bankruptcy [in Alabama] until September 21, 2009.” This statement accompanies the affidavit of Peter Morris, filed in this Court, in which he stated:

In attempting to give notice of the Debtor’s bankruptcy to White Sands Group, LLC, representatives of the Debtor contacted counsel for White Sands Group, LLC and attempted to obtain the addresses for Chris Rolison and Jeff Valentine, but counsel was unwilling to provide those addresses.

Obviously, if Peter Morris claims to have looked for the addresses of Chris Rolison and Jeff Valentine, two of the members of White Sands, he did not accidentally forget to notify the Alabama court. Of course, White Sands’ address is attached to Peter Morris’ affidavit, and is on file with the Alabama Secretary of State and accessible to anyone with a computer. The addresses of Chris Rolison and Jeff Valentine are contained in their depositions taken by Mr. Morris’ counsel. Moreover, counsel for White Sands in this Court were (and are) counsel of record for White Sands in the Alabama proceedings and could have been served with notice, just as those counsel were served with PRS II’s briefs and discovery.

4. Attached to this Reply as Exhibit 5 is a copy of the cover page and the certificate of service for the brief of PRS II filed in the Alabama Supreme Court on February 23, 2009, two weeks before the bankruptcy filing. Attached to this Reply as Exhibit 6 are “Post Judgment Interrogatories” filed by PRS II in Baldwin County on April 3, 2009, a month after the bankruptcy filing in this court. PRS II listed its own counsel in Alabama as creditors in its filings in this Court and served them with notice. See Doc. #3, 09-31436-hdh11 (listing Zieman, Speegle, Jackson and Hoffman, LLC *twice*). Furthermore, the Notice of Bankruptcy that was finally filed in Baldwin County, Alabama, was filed on September 21, 2009, the very first day that the Alabama Supreme Court lost jurisdiction of the case. PRS II’s contention that it “inadvertently” failed to notify White Sands is demonstrably false.

5. In paragraph 17, PRS II states: “the Debtor does not allege in the Adversary that it was never apprised of the existence of an alleged claim by the White Sands Group” Yet, the following is an excerpt from the Adversary Complaint filed by PRS II in this Court:

In breach of their fiduciary duties, neither [the Langans] nor [the Langans] disclosed to PRS II that [the Langans] had entered into an allegedly enforceable agreement with [White Sands] for the sale of five lots on the Fort Morgan Property, which constituted a cloud on title, requiring PRS II to file a suit to quiet title. [Id. at ¶ 80].

6. In paragraph 18, PRS II states that the deposition of Peter Morris was “ostensibly taken” on August 8, 2006, and thus, only imputes his knowledge on that day, and not the prior year. PRS II then asserts that White Sands “misrepresent[ed]” the probity of the evidence in its filing by not explaining that the deposition was taken in 2006. The following is the excerpt from White Sands’ filing:

This deposition was taken in August, 2006. Even if one were to assume, blindly, that PRS II knew nothing about the lawsuit prior to that very day, any fraud claim would now be facially barred by the applicable statute of limitations. See Ala. Code § 6-2-38 (two-year limitation for fraud claims).

7. In paragraph 19, PRS II denies that Peter Sterling and Michael Asfour are members of PRS II. Exhibits 1, 2 and 3 attached to this Reply disprove this denial.

8. In paragraph 24, PRS II states that White Sands made only “bare allegations regarding the location of possible witnesses.” Certainly, PRS II has no evidence of any witness in Texas, because there are none. The judicial record in Alabama shows clearly that Chris Rolison, Jeff Valentine, the entire Langan family, the engineers, the real estate agent, and everyone else involved with the 96 acre parcel of land in Alabama, reside in Alabama. In his deposition, Mr. Morris swore that he had been a resident of Chicago, Illinois since 1975, even commuting to school in Boston. PRS II admits that its principal place of business is the address of PRM Realty, in

Chicago. Mr. Sterling and Mr. Asfour reside in New York. PRS II and this bankruptcy case have no connection to Texas whatsoever, whether or not Mr. Morris “has an address” in Dallas.

9. In its filing, PRS II states that White Sands’ Motion: “is made up almost entirely of reckless, unsubstantiated allegations purportedly supported by incomplete and misleading “evidence” which combine to form an inaccurate snapshot of the Debtor’s intentions.” [PRS II Response at p. 2]. The facts show otherwise, and PRS II offers no evidence – nothing – in response to the incontestable facts of the Motion to Dismiss. PRS II’s bankruptcy filing is improper and it should be dismissed.

Respectfully submitted this 15th day of January, 2010.

COPELAND, FRANCO, SCREWS & GILL, P.A.

s/ C. Nelson Gill

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the White Sands Group, LLC's Supplemental Reply to Response of PRS II, LLC to White Sands Group, LLC's Motion to Dismiss was provided via e-mail (**w/out exhibits**) to the parties listed below and a copy of same (**w/exhibits**) to the parties listed on the attached Service List via United States mail, postage prepaid, on this the 15th day of January 2010.

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